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CONTINUANCE OF THE BANK CHARTER.

A

LEGAL STATEMENT

OF

THE REAL POSITION OF THE GOVERNMENT,

WITH RELATION TO

The Bank of England.

BY

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THE BEDFORD LEVEL.

SECOND EDITION, WITH ADDITIONS.

“ The Law requires no one to perform impossibilities.”—Co. 2d Ins.

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PREFACE

TO THE SECOND EDITION.

THE public has called for a second edition of the following pamphlet. This call is answered by the author not only with alacrity but with the highest satisfaction. His object has been to make this important subject familiar to all classes. A subject hitherto involved in so much unnecessary mystification. Whatever view may be taken by the legislature, the government, or the bank, upon the forthcoming discussion on the charter, the author has one hope only, which is that the result may restore to this unhappy country that true establishment of value which results from the due and ample reward of labour *without obligation* in our relations at home, and the actual return *in money* between the amount of exports and imports, in our commercial transactions abroad, thus terminating for ever a horrid system of fluctuation in the value of property of every description

which has filled the workhouses and jails to repletion, shed torrents of blood upon the scaffold, and diffused, over an honest, industrious and ingenious people, bitterness of sorrow and despair which no language can faithfully depict, to say nothing of those commercial shocks and panics, those "hot and cold fits" which Mr. Baring so forcibly described in the House of Commons.

The author has added some additional matter which might perhaps have been extended still further with much utility, but lengthy writings upon abstruse subjects deter persons from seeking that practical knowledge the author is so anxious to impress upon the people. This additional matter is most important, inasmuch as it still further elucidates the relative position of the parties, respecting which recent events have excited the greatest interest and desire for information.

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SCHEDULE B.

The following table exhibits at one view the enormous sums (now constituting part only of the national debt) annually borrowed since the last contract for continuing the Bank Charter, either by loans or by the funding of exchequer bills. It is provided in all these acts of parliament, *that the corporation of the bank shall continue, notwithstanding any redemption of their original funds, until the annuities created by borrowing the following sums are redeemed, or those sums paid off.*

Act of Parliament.	Sums Borrowed.	A.D.
39 Geo. III. c. 7.....	£ 3,000,000	1799
39 & 40 Geo. III. c. 22.....	25,600,000	1800
41 Geo. III. c. 3.....	28,000,000	1801
42 Geo. III. c. 33	25,000,000	1802
43 Geo. III. c. 67	12,000,000	1803
44 Geo. III. c. 47	14,500,000	1804
45 Geo. III. c. 12	22,500,000	1805
46 Geo. III. c. 33	20,000,000	1806
47 Geo. III. c. 28	14,200,000	1807
48 Geo. III. c. 76	10,500,000	1808

Act of Parliament.	Sums Borrowed.	A.D.
49 Geo. III. c. 71	£ 14,600,000	1809
50 Geo. III. c. 43	12,000,000	1810
51 Geo. III. c. 26	4,981,300	1811
———— c. 49	12,000,000	1811
52 Geo. III. c. 24	6,789,625	1812
53 Geo. III. c. 41	6,000,000	1813
———— c. 69	27,000,000	1813
54 Geo. III. c. 3	22,000,000	1814
———— c. 76	24,000,000	1814
55 Geo. III. c. 58	18,000,000	1815
———— c. 124	36,000,000	1815
58 Geo. III. c. 23	3,000,000	1818
59 Geo. III. c. 42	12,000,000	1819
———— c. 71	12,000,000	1819

N.B. In this session, the act passed for regulating the public transactions with the bank. 56 Geo. III. c. 76.

1 Geo. IV. c. 13	£ 7,000,000	1820
———— c. 17	5,000,000	1820
7 Geo. IV. c. 39	8,000,000	1826

DEAD WEIGHT.

3 Geo. IV. c. 51	1822
———— c. 68	1822
4 Geo. IV. c. 22	1823

ALLOWANCE TO THE BANK FOR MANAGEMENT.

48 Geo. III. c. 4.

Unredeemed debt, exceeding 300,000,000 <i>l.</i> and not amounting to 400,000,000 <i>l.</i>	£450 per million.
Amounting to 400,000,000 <i>l.</i> and not exceeding 600,000,000 <i>l.</i>	340 ditto.
Above that sum	340 ditto,
to continue to the amount of 600,000,000 <i>l.</i> , and for the excess	300 ditto.

This act directs an annual account of the unredeemed debt to be made up within thirty days after every 5th of April, and the allowance to be calculated upon the amount so ascertained!!!

A LEGAL STATEMENT,

&c.

THE period is at length arrived for the consideration of one of the most important questions that ever agitated the nation, namely, the continuation or termination of the charter of the Governor and Company of the Bank of England by the Government.

For some time past one or other of the parties, and probably both, as suited their respective purposes, have put forth "feelers" as to the renewal, or rather the continuance, of the charter, its exclusive privileges, and monstrous monopoly; and certain questions are now propounded (somewhat in fear and trembling) by individuals hitherto *not quite* so inquisitive. It is asked by some, When the Bank charter expires? And when it will be renewed? While others, equally ignorant but more interested in the result, appear most anxious to ascertain how much the corporation in Threadneedle-street will part with to the creditors of the state to obtain the continuance of a system which every lover of his country ought to stigmatize as an injurious monopoly; the source of wealth, it is true, to

some individuals, but at the expense of the ultimate credit, honour, and moral happiness of the community at large. The facility of borrowing is equally destructive to nations and to individuals.

The time is fast approaching when the transactions between the Bank and the Government ought to be laid bare to the public eye. The inquiries before the committee of the House of Commons, which is to be appointed on the 8th day of May next, to consider the continuance of the Bank charter, must, if honestly and properly conducted, necessarily put an end to the financial mystification which has been so long practised by both parties.

The account between the Bank and the Government can only be likened to that of a spendthrift dealing with usurious money-lenders, the demands always increasing while the means or probability of repayment are diminishing; the spendthrift anxiously seeking to disguise from himself and the world the disgraceful and mortifying results of his extravagance, and the unfeeling though plausible usurer (like an expert and successful gamester) evincing an equally anxious desire for concealment.

Notwithstanding, therefore, that there have been so many distinct negotiations between the Government and the Bank (each contract afterwards ratified by Parliament), I cannot discover from the foundation of the Bank, in 1694, to the present period, any statement of accounts delivered to the public or to Parliament of the exact

sums due to the Bank for cash advanced, for arrears of the annuity of 100,000*l.* per annum originally granted to the Bank at its formation, or for Exchequer bills; or other Government securities held by them with the interest thereon; and yet in all probability the tranquillity, the safety, and almost political existence of this country as a European power of the first importance, depend upon this account being now undisguisedly and faithfully exhibited to Parliament and the country, and then honestly and courageously dealt with by those to whose hands the destinies of the nation may be confided.

It will require no other argument to show the importance, nay, absolute necessity, of this statement of accounts between the parties, than simply to exhibit, in all their odious deformities, the stipulations of the contract made between the Bank and the Government in the year 1800, when the last continuance of the monopoly was negotiated, and that contract sanctioned by a confiding, and certainly, in this respect, ignorant or indolent Parliament. It was, in truth, a hard bargain, but the Old Lady was obdurate, and the wants of her suitor most pressing and imperative. Listen to its fatal import. You may, said the Old Lady, as I increase in years, exchange my now remaining good looks for deformity, and, notwithstanding the wealth I may have accumulated, or the services I have rendered you, you may feel inclined at some future period to abandon me for a younger and more inviting object, forgetful of all former

vows, and reckless of broken promises ; should that event occur, remember before you cast me off for ever, these and these only are the terms of our final separation : You must give me one year's notice of your altered mind, *AFTER* the 1st of August, 1833; *and at the time of such notice*, you must repay me the sum of *three millions two hundred thousand pounds*, and all arrears of the annuity of *one hundred thousand pounds* you originally, in the gaiety of your heart, settled upon me (which, by-the-bye, you have never paid, although confirmed with solemn oaths of fidelity, and oft-repeated vows of punctuality) ; and you must also repay me the sum of *eight millions four hundred and eighty-six thousand and eight hundred pounds*, with the interest and annuities then due and payable thereon ; and remember, you must also pay all the principal and interest money that shall be owing to me on all tallies, Exchequer orders, Exchequer bills, parliamentary funds, or other government securities which may at any time have been advanced to you, and then remaining in my hands, or be entitled to at the time of such notice to be given as aforesaid, *and not otherwise*. Remember this is the bargain between us, and if you do not approve of the terms, I shall at once decline all further negotiation.* Alas ! the now old and cautious dame well knew the state of her unhappy suitor, and that by his obstinacy, his folly, and extravagance, he had become powerless, and unable

* Vide 39 & 40 Geo. III. c. 28. Journals, vol. 55, p. 216.

to tear himself (although shuddering with disgust) from her unhallowed embraces, so the deed was signed and sealed. It remains to be seen whether the unrighteous connexion is to be continued by the present generation.

When I consider the fearful diminution of the revenue, and the unsatisfactory state of the country, the stagnation of its commerce, the depression of its agriculture, and the destruction of its internal trade, I ask how is this frightful demand to be encountered? I fear that upon the result hang the law and the prophets. Dividends or no dividends,—reform or no reform. Cupidity, no doubt, sometimes lacks caution. I can, however, make no distinction between the transactions of a spendthrift individual and a spendthrift government; and it may have occurred that the Bank of England has incautiously or covetously permitted the Government to do that which is often done in more limited transactions, namely, greatly overdraw the account, under promises and circumstances, the fulfilment of which events have rendered totally impracticable. It was the continued cry of Sterne's starling, "I cannot get out."

Might it not have been that the fearful anticipation of the arrival of this most ominous 1st of August, 1833, destroyed the intellects and then the existence of Lord Liverpool? Might not this anticipation have terminated the administration of the Duke of Wellington? This, however, I do know, that the successful

or unsuccessful dealing with this ill-fated contract must either hand down to posterity the name and fame of Lords Grey and Althorp honoured and beloved by an admiring and grateful posterity, or send them (if, unlike some of their predecessors, they survive the peril) into private life, overwhelmed by public contempt and indignation, themselves bitterly, but too late, lamenting for the remnant of their unhappy days the fruitless attempt to save and navigate triumphantly into port the vessel which former arrogant commanders and negligent and extravagant crews had bulged upon rocks and quicksands, and ultimately deserted when nearly thrown upon her beam-ends, without rudder and without compass. *Nous verrons.*

On the 4th of April last, Lord Althorp gave notice that on the 17th of the same month he should move for the appointment of a committee to consider the continuance of the Bank charter; but when that evening arrived (which, by-the-bye, was upon a Tuesday, when sufficient members in general attend), strange to say, although this most important ministerial measure was to be brought on by the Chancellor of the Exchequer, there was no house!! The appointment of the committee has been deferred to the 8th of May, and at any rate further time has been gained for arrangement and negotiation. I confess, however, I have my doubt whether matters are yet sufficiently *en train* for the appointment of such committee; and, in truth, when appointed, if they cannot “rail the

seal from off the bond," I fear their labours will be in vain. Fulfilment of the contract is quite out of the question.

Upon the former negotiations for the continuance of the charter, the Bank was prepared with proposals, which they submitted to the Government and to Parliament, for the renewal of the contract. It is said, that upon the present occasion the proposals are demanded by the Bank (and that too in no very measured terms) from the Government itself; such proposals to be accompanied with a clear and explicit declaration of its ultimate intentions. *Tempora mutantur et nos mutamur in illis.* It will now be remembered that the Bank restriction existed on the last occasion of the contract for continuance, in the year 1800, and the Bank was not then compelled to find gold for its issues of paper, at 3*l.* 17*s.* 10*d.* per oz., be the state of the exchanges what it may at the time of the demand.

But oh! there is the Reform Bill! I fear the salutary measure of reform has been too long delayed, to interpose any beneficial effects. The evils are too pressing, otherwise, in all probability, it would have restored that confidence, that union and harmony, and those honest exertions, by which this country can alone be saved from anarchy and confusion.

Feeling the great and paramount importance of this question, and the time having arrived for entering into negotiations for the continuance or termination of the charter, it appears to me

most essential that the public should be well acquainted with the relative position of the Government and the Bank of England.

Much ignorance prevails on this subject, as well as upon the whole financial affairs of the kingdom. It is generally supposed that the Bank has, upon every renewal,* given large sums to the public, for the enjoyment of certain exclusive privileges. This is far from being the case, as will appear from the following historical, or rather legal sketch of the several transactions between the Government and the Bank for the continuance of their charter.

I confess I never was an enthusiastic admirer of the so-much-vaunted revolution of 1688. The people did not obtain such an extension, or even confirmation, of their rights and liberties, as fully compensated for the undoubted loss of an economical, if not a liberal, government.

† When King James was adjudged to have

* Sometimes the word "renewal," and sometimes "continuance," is used, but the latter is more proper, as there never was any definite term of years inserted in the contract sanctioned by Parliament.

† The origin and progress of the odious Excise system is not, as it ought to be, generally known. The first Excise duties were imposed by 12 Car. II. c. 23, to continue *only during the King's life*. These duties were, by 2 William and Mary, c. 3, continued during their Majesties' lives, but the principle of funding having been once established, was never afterwards abandoned; accordingly, the Excise was first continued for ninety-nine years by 1 Ann, c. 7, and ultimately *perpetuated* by 1 Geo. I. c. 12. Of the laws that have passed relative to this most odious imposition, I will pretend to give no account, but I believe they have occasioned more perjury and crime

abdicated the throne, he left no national debt behind, neither he or his family burdened posterity by anticipating the resources of the country. Whatever were the faults, or even the crimes of the house of Stuart, their enemies must allow, that in comparison with their successors, theirs was in every respect an economical government. Upon the accession of William and Mary came foreign wars; and this accession being so strange and unexpected, as well as recent, the advisers of the new dynasty did not venture to impose taxes, to the extent required to carry on those wars which would undoubtedly have increased the dissatisfaction that then prevailed, and probably endangered a succession by no means abundantly secure. Hence arose the odious system of anticipating the resources by borrowing the principal, and imposing taxes for the payment of the interest *only*; thus throwing upon posterity, most illegally and unjustly, the payment of burdens which ought to have been borne by those for whose benefit, and to gratify whose pride and ambition, those wars were declared. Such was the origin of the funding system; a system which gave rise to the Bank of England.

The Bank of England was established, it is said, at the suggestion of one William Patter-

than any other fiscal system known in the civilized world; and that if the volumes of Statutes relative to their imposition, enforcement, and regulations, were collected together, they could not be moved by Messrs. Meux's fine team of dray-horses from Whitehall to the Excise-Office.

son, a Scotchman, afterwards one of the directors; and the plan perfected by one Michael Godfrey, a person of considerable influence in the city, who was appointed the first deputy-governor. It was, however, highly to the honour and sagacity of the people, that it was with the greatest difficulty they could be reconciled to the plan. Doubtless they had a prescience of what would ultimately occur. It is said a certain personage can quote scripture to answer his purpose; so could those who aimed at establishing this infernal system. The friends of the measure circulated with great industry that text in the Scriptures which says, “Wherefore then gavest not thou my *money into the bank*, so that at my coming I might have required mine own with usury?” The struggle on the part of the people was ultimately unavailing. The die was cast; England was surrendered into the hands of the hungry tribes of Jews and jobbers, who have ever since preyed upon the industry and the enterprise of the country.

*To proceed. It appears that about six years

* The author begs his readers will distinctly understand that in referring to the several statutes, he has anxiously avoided considering any other of their provisions than such as relate to the immediate subject under consideration. He is not, however, ignorant of the extreme importance of many other of those provisions, inasmuch as they form the foundation of the present fiscal laws. The time may occur in which the author may employ his humble talents in explaining the existing state of things between the Bank and the Government in relation to the consolidated fund, the woods and forests, the Exchequer loan, and church-building commissioners, and other public

after the accession of the new dynasty, the Government had incurred very heavy debts, exclusive of the pay due to the army and navy, which were greatly in arrear. Unwilling to levy taxes to the amount required, a plan was suggested, inviting persons (whether natives *or foreigners*) to become subscribers, for a sum not exceeding 1,200,000*l.*, to be applied to the wants of the state, and proposing that taxes should be laid sufficient in amount to raise the annual sum of 140,000*l.*, as an inducement to persons to adopt the plan; and the taxes so laid were to be strictly applied in paying the annuity of 100,000*l.*, to the use and advantage of such person and persons, bodies politic and corporate, as should make such voluntary subscriptions and payments, their heirs, successors, and assigns, in certain proportions set forth in the Act which was subsequently passed to ratify the contract. It may be proper, perhaps, as this act (5 W. & M. c. 20.) creates the original connexion between the Government and the Bank of England, and that the reader may perfectly understand the subject, to set forth the clauses verbatim. By section 20, it is enacted,

Found
tion of
Bank
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5 W. &
c. 20.

“ That it shall and may be lawful to and for their Majesties, by letters patent under the great seal of England, to limit, direct, and appoint, how and in what manner and proportions,

bodies, whose balances are, it is said, continued in the Bank without interest, while the public are paying interest upon advances made for the public service.

and under what rules and directions, the said sum of 1,200,000*l.*, part of the said sum of 1,500,000*l.*,* and the said yearly sum of 100,000*l.*, part of the said yearly sum of 140,000*l.*, and every or any part or proportion thereof, may be assignable, or transferable, assigned, or transferred to such person or persons only as shall freely and voluntarily accept the same, and not otherwise, and to incorporate all and every such subscribers and contributors, their heirs, successors, and assigns, to be one body corporate and politic, by the name of "The Governor and Company of the Bank of England;" and by the same name of† "The Governor and Company of the Bank of England," to have perpetual succession, and a common seal; and that they and their successors, by the name aforesaid, shall be able and capable in law to have purchase, receive, possess, enjoy, and retain to them and their successors, lands, rents, tenements, and hereditaments of what kind, nature, or quality soever, and also to sell, grant, demise, alien, or dispose of the same, and by the same name to sue and implead, and be sued and impleaded, answer and be answered, in courts of record, or any other place whatsoever, and to do and execute all and singular other matters and things, by the name aforesaid, that to them shall or may appertain to do, subject nevertheless to the proviso and condition for redemption hereinafter mentioned.

"And by the 21st section, it is further enacted, that in case the whole sum of 1,200,000*l.*, part of the said sum of 1,500,000*l.*, not be advanced and paid unto the receipt of Exchequer before the 1st day of January, which shall be in the year of our Lord 1694, that then the subscribers and contributors for and towards the raising and paying of the said sum

* Three millions were raised upon life annuities, and for the annual payment of the premium 400,000*l.* was allotted; thus, with the Bank subscriptions and Annuities making up the whole principal sum of 1,500,000*l.*, and the annual sum of 140,000*l.*

† By the charter founded upon this statute, the corporation consists of a governor, deputy-governor, a certain number of directors, and an indefinite number of proprietors. The qualification of a governor is 4000*l.* Bank stock (now worth about double that sum); for a director 2000*l.* stock; and for a proprietor, entitled to vote, 500*l.* stock. No proprietor can have more than one vote.

of 1,200,000*l.*, part of the said sum of 1,500,000*l.*, their heirs, successors, and assigns, shall only have and receive so much and such part and proportion of the said sum or sums so respectively paid and advanced, as shall be after the rate of 8*l.* per cent. per annum; and that at any time upon twelve months' notice after the 1st day of August in the year of our Lord 1705, *upon repayment by parliament* of the said sum of 1,200,000*l.*, part of the said sum of 1,500,000*l.*, or such part thereof as shall be paid and advanced as aforesaid, unto the respective subscribers and contributors of the said sum of 1,200,000*l.*, part of the said sum of 1,500,000*l.*, or such part thereof as shall be paid and advanced, their heirs, successors, or assigns, and of all the arrears of the said yearly payments of 100,000*l.*, part of the said yearly payments of 140,000*l.*, or such proportionable part thereof according to the sum which shall be paid and advanced as aforesaid, then and from thenceforth the said yearly payments, and every of them, of 100,000*l.*, part of the said yearly payments of 140,000*l.*, or such proportionable part as aforesaid, and every part thereof, and the said corporation shall absolutely cease and determine anything herein contained, in any wise to the contrary notwithstanding."

Such were the original stipulations by which the Bank of England was first established. This act does not contain any exclusive monopoly, or indeed any other stipulations in favour of the Bank, than the grant of the charter and of the annuity. It is to be observed, however, that the notice of dissolution was to be given *after* * the 1st of August, 1705, when, under the stipulation, the corporation was to cease. The original Bank capital was 1,200,000*l.* only. That the contracting parties never contemplated such an event as the repayment of this capital is

* The reader will observe, that in all the contracts the word "*after*" is used, and not the word *on* "the 1st of August." Nothing can be more indefinite.

quite clear ; for having got over the hard place (if I may use so vulgar a phrase), the Government found the conveniences and facilities of anticipating the resources too inviting ever to be relinquished, the more so, as the wants of the state were daily increasing; and was soon found almost impracticable, with the new system, to wait for so remote a period as 1st August, 1705, to make a fresh arrangement. Accordingly, in the year 1697, another act, (8 and 9 W. III. c. 20.) was passed, by which the governor and company of the Bank were enabled, “ for the better restoring the credit of the nation, and advancing the credit of the corporation,” to augment and enlarge their common capital and principal stock, by voluntary new subscriptions. The new subscribers were to become part of the original corporation, and regulations were enacted for settling the differences between the two classes of subscribers. This second contract was to be terminated

First continuance.
8 & 9 W.
& M. c. 20:

5 W. & M.

“ At any time upon twelve months’ notice *after* the 1st day of August, which will be in the year of our Lord 1710, *and not before*, and upon repayment by Parliament of the sum of 1,200,000*l.* mentioned in the said Act, intituled ‘ An Act for granting to their Majesties several rates and duties upon tonnage of ships and vessels, and upon beer, ale, and other liquors, for securing certain recompences and advantages in the said Act mentioned, to such persons as shall voluntarily advance the sum of 1,500,000*l.* towards carrying on the war against France, unto the said Governor and Company of the Bank of England hereby constituted and made, and of all arrears of the 100,000*l.* per annum, payable to the Governor and Company of the Bank of England, and their successors, by virtue of the said recited Act, and also upon payment of all the principal and interest monies which shall be owing to the said Governor and Company

of the Bank of England hereby established upon all such tallies, Exchequer orders, or parliamentary funds which the said Governor and Company *shall have remaining* in their hands, *or be entitled to at the time of such notice* to be given as aforesaid, then and in such case, and not till then, the said yearly payment of 100,000*l.* per annum, and also the said corporation, by this and the said former Act established, shall cease and determine, anything herein contained in any wise to the contrary notwithstanding.’ ”

But another most material addition was now made to the original contract. By the 28th section it is enacted, —

“ That during the continuance of the Corporation of the Governor and Company of the Bank of England, no other Bank, or any other Corporation, Society, Fellowship Company, or Constitution, in the nature of a Bank, shall be erected or established, permitted or suffered, countenanced or allowed, by Act of Parliament within this kingdom.”

We thus find the capital of the Bank, or, in plain terms, the debt of the Government doubled; but, coupled with the additional privilege of a monopoly in the business of banking, *under the authority of Parliament*, and the Bank charter to cease in 1710. It may be stated, that another regulation took place between the parties in the same year, 9 W. & M. c. 3. The Bank, which had hitherto made dividends once in four months, was for the future to make them every six months; and this plan has or ought to be adopted up to the present period.

The Bank also advanced a further sum to the Government, under the provisions of 12 and 13 W. & M. c. 73, and by 5 Ann, c. 15; but no alteration took place as to the continuance of the charter, or the privileges of the Bank. The wants of the state did not however decrease, and

9 W. & M.
c. 3.

12 and 13
W. & M.
c. 73.

5 Ann, c.
15.

all hopes of terminating the exclusive system of anticipation and monopoly had, I dare say, completely vanished. Indeed the difficulties to which Queen Ann's ministers were reduced during the war of the succession, rendered it natural for them to think of making use of this corporation. Accordingly, in the year 1708, another negotiation took place, for further advances. It is recited, by stat. 7 Ann, c. 7,

Second
continu-
ance.
7 Ann, c. 7.

“ That the said Governor and Company, for the better enabling them to supply the public exigencies, had lately consented to admit new subscriptions of 2,201,171*l.* 10*s.*; and those new subscribers were deemed and deputed to be members of and incorporated with the said Governor and Company of the Bank of England.”

By section 3 of this Act the Bank were also to pay into the Exchequer the sum of 400,000*l.* The provisos contained in the stat. 5 W. & M. c. 20, for determining the yearly fund and the period of the corporation were repealed, but the privileges of the Bank were confirmed. It is however provided, by section 6,

“ That at any time, upon twelve months' notice, *after* the 1st day of August, which will be in the year of our Lord 1732, *and not before*, upon repayment by Parliament to the said Governor and Company, or their successors, as well of the said sum of 1,200,000*l.* formerly advanced, as of the sum of 400,000*l.* before-mentioned, amounting in the whole to the sum of 1,600,000*l.*, without any deduction, discount, or abatement whatsoever to be made out of the said sum of 1,600,000*l.* or any part thereof, and upon payment to the said Governor and Company, and their successors, of all arrears of the said 100,000*l.* per annum, and all the principal and interest money which shall be owing unto them upon all tallies, Exchequer orders, or parliamentary funds which the said Governor and Company, or their successors, shall have remaining in their

hands, or be entitled to at the time of such notice, to be given as aforesaid (which funds, for redemption whereof other provision is afterwards made in and by this act, only excepted), then and in such case, and not till then, the said yearly fund of 100,000*l.* shall cease and determine."

And by the 7th section, it is enacted,—

"That from and after such repayment by Parliament of the said 1,600,000*l.*, and payment of all arrears of the said 100,000*l.* per annum, and of all the principal and interest on such tallies, Exchequer orders, and parliamentary funds aforesaid, shall be made to the said Governor and Company, and also redemption shall be made by Parliament of the annuity of 106,501*l.* 13*s.* 5*d.* per annum, thereafter in that act settled and made payable to the said Governor and Company, and their successors in manner and form therein mentioned, and likewise from and after all the Exchequer bills which are to be made forth in pursuance of this act shall be entirely discharged and cancelled in manner hereinafter-mentioned, and payment made to the said Governor and Company of the said allowances hereafter made for circulating the said Exchequer bills, and that then and not till then the said Corporation of the Governor and Company of the Bank of England shall cease and determine, *but till then the said Governor and Company shall continue a Corporation, and shall have and enjoy all the powers and privileges they were then entitled unto by virtue of any Charter, Act or Acts of Parliament heretofore granted or made.*"

But under the provisions of this act a most material change took place as to the privileges of the Bank.* It appears that the profitable

*A very erroneous opinion has been entertained, and propagated with some industry, that no banking firms existed in London previous to the establishment of the Bank of England and the commencement of the ruinous system of anticipating the resources of the country. The fact is otherwise. I have seen documents proving the establishment of the ancient, opulent, and highly-honourable firms of Messrs. Child and Co., of Temple Bar, previous to the year 1663; of Messrs. Hoare

nature of the kind of business transacting by the Bank of England was long discovered, or at any rate better understood ; this knowledge led to the attempt on the part of some other speculators to endeavour to set on foot similar undertakings. The Bank, feeling some alarm upon this intrusion, stipulated for a complete protection or rather monopoly. By the 61st section of this act it was enacted,—

“ That during the continuance of the Corporation of the Governor and Company of the Bank of England, it shall not be lawful for any body politic or corporate whatsoever erected or to be erected (other than the said Governor and Company of the Bank of England) or for any other parties whatsoever, united or to be united in covenants or partnership, *exceeding the number of six persons*, in that part of Great Britain, called England, to borrow, owe, or take up any sum or sums of money on their bills or notes, payable at demand, or at any less time than six months from the borrowing thereof.”*

and Co., Fleet-street, previous to the year 1680 ; of Messrs. Snow and Co., of the Strand, previous to the year 1685 ; and some other firms were in existence, I am informed, prior to the year 1694. These ancient firms had their origin as goldsmiths and bullion merchants, out of which opulent occupations arose their respective establishments. If I have not been misinformed, the Bank of England has, upon more occasions than one, had no cause to regret the existence of these more ancient establishments. Many curious circumstances connected with the fluctuating value of gold, and the various depreciations of bank paper, at different periods of its establishment, have been collected from the Bank books, and submitted to several committees of the House of Commons.

* A modification of this Act took place with the concurrence of the Bank of England in 1826, shortly after the panic that then occurred. By 7 Geo. IV. c. 46, a greater number than six persons were allowed to form partnership banks, provided they were situated more than 65 miles from London. The Bank of England was also authorised to establish branch banks in several of the large towns of the kingdom. Those regulations were adopted

Here was a monopoly with a vengeance, which, coupled with the subsequent Restriction Act in 1797, has occasioned all the evils under which this unhappy country now groans. There were other sums advanced to the Government under the provisions of this act, which it is not material to notice.* The reader will perceive the debt at every fresh negotiation becomes of greater and greater magnitude.

The charter was to continue subject to notice until the year 1732, but the necessities of the state became more and more pressing, and the system of anticipation more and more inviting; accordingly, in the year 1713, an act was passed (12 Ann. chap. 11), whereby it appears that the Governor and Company of the Bank of England were willing (*for the public service*) to undertake the circulation of the further sum of 1,200,000*l.* in other Exchequer bills to be issued for her Majesty's supply, and of such quarterly bills for interest and other allowances as should and might be issued in pursuance of the present act, so as the said Governor and Company may have such encouragement and such terms and advantages as are mentioned in such act.

Third con-
tinuance.
12 Ann. c.
11.

For this additional advance, the notice of ter-

in order to supply, in some measure, the vacuum occasioned in the circulating medium by the withdrawal of the small notes. The Bank of England are now enabled to advance money upon mortgage of real property.

* It may be remarked, that by this Act (s. 8) the usurious principle was adopted of making up the accounts between the Bank and the Government quarterly, and the interest then added to the increase of the principal.

minating the charter and paying the debt was altered from *after* the 1st of August, 1732, to after the 1st of August 1742, and all the privileges and monopolies of the Bank were continued and confirmed.

Fourth
continu-
ance.

5 Geo. II.
c. 13.

Sec. 6.

Affairs remained in this state as far as relates to the continuance of the charter until the year 1741. At this period a fresh negotiation took place between the parties, and by the statute 5 Geo. II, c. 13, the Bank agreed to advance to the Government the sum of 1,600,000*l.*, or rather, to discount Exchequer bills to that amount, in consideration that the period of giving notice to terminate the charter and paying all demands should be extended until *after the 1st* of August, 1764. The Bank had the power in order to enable them (as it is stated) *to serve the public* in such way and manner as may be most safe and convenient for them, to increase their capital stock 1,600,000*l.* All the privileges and the monopoly were continued. A difficulty seems to have arisen as to the mode of giving notice for the termination of the charter and payment of the Debt and all other demands; it is therefore, by section 10, enacted and declared

“That any vote or resolution of the House of Commons, signified by the Speaker of the said House in writing, and delivered at the public office of the said Governor and Company, or their successors, shall be deemed and adjudged to be a sufficient notice within the words or meaning of the Acts, anything therein contained to the contrary notwithstanding.”

The notice for termination of the charter

was to expire in 1764, but all thoughts of such an event had been long since forgotten. The spider had effectually wove his web and entangled his unhappy victim. Accordingly, in the year 1763,* another negotiation took place, and by statute 4 Geo. III., c. 25, the Bank agreed to exchange "Exchequer bills to the amount of 1,000,000*l.*, for ready money, being allowed the discount, and the Bank also agreed to pay into the Exchequer the sum of 110,000*l.* without the repayment of principal or interest for the same." I believe this is the only real advance hitherto made to the Government by the Bank. Upon these considerations, the time of giving the notice for terminating the charter and paying all demands was extended until *after* the 1st of August, 1786, and all the former privileges and the monopoly were continued and confirmed.

Fifth con-
tinuance.
4 Geo. III
c. 25.

The period for terminating the charter was not suffered to arrive. The expenses of the American war had increased the amount of the national debt to what was then considered a frightful amount, and in the year 1781, an act (21. Geo. III., c. 60) was passed, whereby the Bank again advanced the further sum of 2,000,000*l.* to the Government, and the time of notice of terminating the charter and paying all demands was extended till *after* the 1st of August, 1812. All former exclusive privileges were confirmed, and it was enacted that no

Sixth con-
tinuance.
21 Geo.
III. c. 60

* This took place under the administration of Mr. Grenville.

other bank should be erected by Parliament during the continuance of those privileges, nor should any number of bankers exceeding six be allowed to become partners.

We are now approaching the last negotiation between the parties, and although I have studiously endeavoured as far as was practicable in a subject so intricate and confused, to confine myself to the transactions between the Government and the Bank in relation to the continuance of the charter, it is impossible to avoid noticing the great financial change which took place in the memorable year 1797, at which period the Bank of England was *restrained* by legislative enactments from paying their notes in gold, and thus enabled under the sanction of Parliament to issue their paper money *without limit and without responsibility*, in short to usurp the highest prerogative of the Crown, and in effect to control the Government and to raise or depress at their sole will and pleasure the value of all property whatsoever, whether real or personal. At this period (1797) there were about 200 country bankers, the number was speedily increased to 700.* It must not be forgotten, that since the last continuation a crusade had commenced against France,

* In consequence of the panic, which took place in the latter end of the year 1825, and by which (according to the statement made in the House of Commons by the late Mr. Huskisson), the nation was reduced to "within eight-and-forty hours of barter," the number of country bankers were greatly decreased, and if the present monetary system continues (and woe be to those who change it), the number will annually dwindle away, and become nearly, if not quite extinct.

which had augmented the national debt to six hundred millions, and now amounting to eight hundred millions.

All the proceedings that took place in the House of Commons relating to the contract of 1800 must be now very useful as well as interesting. A rumour having got abroad of the intention of Government to bring forward some proposals relative to the Bank Charter, although there were yet twelve years to elapse before the expiration of the time stipulated in the last contract; Mr. Tierney, on Tuesday, the 21st of January, 1800, moved for an account of the advances to Government by the Bank on the land and malt duties, and also on Exchequer bills, and other securities, &c., up to the 1st of January, 1800, and of Exchequer bills now in the hands of the Bank, &c.; upon which the following debate took place:—

“ The CHANCELLOR of the EXCHEQUER said, that to the first part of this motion he had no objection, but to the latter he had; the House of Commons should not inquire into what way the Bank of England laid out its money, any more than they should inquire into the affairs of any private man. The latter part of this motion was for an inquiry into the Exchequer bills in the hands of the Bank, which was a private concern, and as such he objected to it. This was an inquiry into the manner in which they laid out their private cash at the Bank, with which the House had no more to do than they had with the affairs of an individual.

Wood-
fall's Par.
Debates,
vol. i. p.
168.

“ Mr. TIERNEY said, that his object was to learn how much in reality the Bank of England was in advance to Government. Whether they advanced money by loan, or whether they advanced it on Exchequer bills, it was the same in his view of the subject, for it still was an advance to Government, although Exchequer bills were held for it as a security for that money.

It was no inquiry into the management of the private affairs of the Bank; the object was simply to learn how much, in point of fact, the Bank was in advance to Government, and it was impossible to ascertain that fact without knowing what Exchequer bills the Bank held at this time. He did not move this from any malicious motive, but merely as a necessary piece of information upon the state of public finance; neither was the motion without a precedent. But if the Chancellor of the Exchequer persisted in opposing it, he should not press it, because by pressing it he had no hope of success. He would, however, repeat that this object was to know the advance of the Bank to Government, which he could not do without this information upon Exchequer bills.

“The CHANCELLOR of the EXCHEQUER said, I am doing my duty, as a member of parliament, when I oppose a measure which appears to me to be an improper one. I assign reasons why I think the motion improper; it is competent to me to do so. If the honourable gentleman thinks, as he says he does, that the motion is such as the House ought to adopt, it is not only competent to him, but I conceive it to be his duty to call for the sense of the House. He makes his motion, and assigns reasons in support of it. I oppose him, and assign such reasons as occur to me against his motion: and the House should decide between us. But what he states as a precedent, is not applicable to the case before us: the case he alludes to, was that of an inquiry instituted by this House into the solvency of the Bank. It was natural then to call for an account of its debts and of its credits, for we were then to report upon its solvency, and the result was, as might have been expected, highly to the credit and the opulence of the Bank. But, in the present instance, I contend, that what is now asked with regard to the Bank might as well be asked of any banker; therefore, upon that ground, I feel myself called upon to oppose that part of the motion, and shall now move an amendment to leave out that part of it, which he moved accordingly.

“Mr. TIERNEY said, he did not agree exactly with the Chancellor of the Exchequer as to the application of the precedent upon the solvency of the Bank. This reminded him that, at the time alluded to, the Bank complained of the pressure which came upon it by the drainage of their cash by the Chancellor of the Exchequer, however, said Mr. Tierney, I

will not press my motion, not because I do not think it a proper one, but because the right honourable gentleman resists it; for I have been taught by experience, that his reasons are much more forcible than mine in this House. Whenever he states any measure of his own, or opposes any measure of mine, he always carries his point. Now, without vanity, at least without much of it, I may say, that by accident I may have been right once in my life; but if I refer to the decisions of this House, in which that right honourable gentleman and myself were opponents, I have never been in the right. Therefore I say, that because he opposes me I give it up, and not because I think the motion is improper.

“ The amendment was then put and carried.”

On the 19th of February, 1800, the House was moved that the Act of 21st Geo. III. c. 60, should be read, and the same being read accordingly,

Seventh &
last conti-
nuance.
Journals
of the H.
of Com.
vol. lv. p.
206.

“ *Resolved*, That the House will upon Friday morning next resolve itself into a Committee of the whole House to consider of extending the term of the charter of the Governor and Company of the Bank of England, granted and confirmed by the said Act.

“ *Ordered*, That it be an instruction to the said Committee that they have power to receive and consider any proposal which shall be made to them from the Governor and Company of the Bank of England relative to a renewal of their charter.

“ On the 21st of February it was ordered, that the order of the day for the House to resolve itself into a Committee of the whole House to consider of extending the term of the charter of the Governor and Company of the Bank of England, granted and confirmed to them by the 21st Geo. III. c. 60, be now read.

Vol. lv. p.
215.

“ And the said order being read accordingly,

“ *The House* resolved itself into the said Committee,

“ Mr. Speaker left the chair,

“ Mr. Bragge took the Chair of the Committee,

“ Mr. Speaker resumed the Chair.

“ Mr. Bragge reported from the Committee that they had received a proposal from the Governor and Company of the

Bank of England relating to the matter referred to the said Committee, and had come to a resolution thereupon, both which the Committee had directed him to report when the House will be pleased to receive the same.

“ Ordered, That the report be now received.

“ Mr. Bragge accordingly reported from the said Committee, the said proposal and resolution, and he read the report in his place, and afterwards delivered it in at the Clerk’s Table, where the report and resolution were read, and are as follow:—

Bank pro-
posal.

“ To the Honourable the Commons of Great Britain in Parliament assembled.

“ The Governor and Company of the Bank of England humbly propose :—

“ That in consideration of the advance of three millions sterling, in the manner, for the period, and upon the terms hereinafter mentioned, they be continued a corporation with the sole power and privilege of Banking for the term of twenty-one years from the 1st day of August, 1812, with all abilities, capacities, powers, authorities, franchises, immunities, exemptions, privileges, profits, emoluments, benefits, and advantages, which they now have, possess, or enjoy, by virtue or in pursuance of their charter, or of any Act or Acts of Parliament. or of any employment by or on behalf of the public; redeemable nevertheless after the expiration of the said extended term of twenty-one years, from the said 1st day of August, 1812, *ON one year’s notice; and the repayment of all the principal money and interest which shall be then due and owing to the said Governor and Company, upon all such tallies, Exchequer orders; Exchequer bills, parliamentary funds, or other government securities which they shall have remaining in their hands; or be entitled to at the time of such notice to be given as aforesaid, the said Governor and Company continuing a corporation, with an exclusive power of Banking, notwithstanding such notice given, until all the money due to them as aforesaid shall be duly paid.

* The word “ after ” is not used in their Proposal, but is inserted in the Act of Parliament,

“ That in consideration of the above proposed extension of their charter for twenty-one years, and a grant of their other privileges, employments, advantages, and immunities above-mentioned, the said Governor and Company are willing to advance the sum of three millions sterling for the public service, to be paid on such days during the present year, and in such manner as Parliament shall direct and appoint, the repayment thereof to be secured by Exchequer bills to be made out at the time of such advance, by virtue of an Act to be passed in this session of Parliament, and to be made payable at the expiration of *six years* from the date thereof, *without interest*, the said Exchequer bills to be charged and chargeable upon the first aids or supplies which shall be granted by Parliament for the service of the year 1806; and in case sufficient aids or supplies should not be granted by Parliament for that purpose before the 5th day of April, 1806, the same to be charged and chargeable upon, and to be repaid out of the consolidated fund.

“ Provided that the said Governor and Company shall have the option of being repaid the said sum of three millions, at any time before the expiration of the said term of six years, in case the price of the three per centum consolidated annuities shall be eighty per centum or more, upon giving six months’ notice for that purpose to the Lords Commissioners of his Majesty’s Treasury, and upon such repayment, the said Governor and Company shall deduct or allow a discount to the public at and after the rate of five pounds per centum per annum, or the sum repaid for such part of the said term of six years as shall then remain unexpired.

“ Sealed by order of the Court of Directors, the 13th of February, 1800, (L.S.) Robert Best, secretary. *Resolved*, that it is the opinion of this Committee, that it is expedient to continue to the Bank of England for a further term of twenty-one years, the privileges secured to them by an Act passed in the 21st year of the reign of his present Majesty, intituled, ‘ An Act for establishing an agreement with the Governor and Company of the Bank of England for advancing the sum of two millions towards the supply for the service of the year 1781,’ on the conditions contained in the proposal made by the Governor and Company of the Bank of England for that purpose.”

“ *Ordered*, that the said report be taken into further consideration upon Tuesday morning next.”

Previous to the proceedings thus recorded in the Journals, the following short debate took place.

Wood-
fall's Par.
Debates,
vol. i. p.
534.

“ The CHANCELLOR of the EXCHEQUER moved the order of the day for taking into consideration the Act of 21st of Geo. III. relative to the charter of the Bank of England ; and that the same act be read—which being done in a committee of the whole House,

“ Mr. S. THORNTON moved that the Secretary of the Bank, who was attending, might be called in. *Ordered*.

“ The Secretary brought a proposal from the Bank for the renewal of the charter ; which being read by the Chairman, purported to be, ‘ that in consideration of three millions to be paid immediately, they may have a continuation beyond the present term for twenty-one years. The payment of these three millions to be secured by Exchequer bills, which are to be paid off in six years, that is on the 6th day of April, 1806. The Exchequer bills, during part of that term, to bear no interest, and during the remaining term, an interest of five pounds per cent.’

“ The CHANCELLOR of the EXCHEQUER said, that conceiving no gentleman could have any objection to what he had at present to propose, he should only have occasion to trouble the House very shortly. He would just state to the House the advantages which were likely to arise to the public by the adoption of this measure, which, on a rough estimate, he believed, would be from 6 to 700,000*l*. He also observed, that if the three millions were not taken in consequence of this measure, it would necessarily go into and increase the ensuing loan to the amount of that sum. That before the expiration of six years, we might reasonably hope to be relieved from our present difficulties, and he submitted it to the candour of gentlemen, whether great advantage was not likely to accrue to the public between the terms on which a loan might now be expected to be had, and the rate of interest which money would be likely to bear, if a peace should be established before we were obliged to repay this three millions. One objection he

was aware might be stated against the renewal of the charter and that was the circumstance of the Bank having some time since stopped making payments in cash ; but this he was convinced would be entirely done away, when it was considered that from the manner in which this circumstance had been got over, the whole appeared so honourable to the character of the Bank, and to the credit of the country, that from it had emanated the utmost confidence of the people at large, and the most irrefragable proof of the solidity of the institution.

“ The Committee came to a resolution to continue the Bank Charter granted to them by the Act of the 21st year of his present Majesty.

“ Mr. TIERNEY wished to know whether the proposal for this renewal first came from the Chancellor of the Exchequer to the Bank, or from the Bank to the right hon, gentleman ?

“ The CHANCELLOR of the EXCHEQUER said, the proposal was first made by him to the Bank directors, was then submitted by them, after they had approved of it, to the consideration and judgment of a Court of Proprietors, who having approved the same, on mature deliberation, it came back to him ; and, from that time, he and the Bank directors had acted together.

“ Mr. TIERNEY said, that the Chancellor of the Exchequer and the Bank directors acting together, was a thing he had never heard of before.

“ The House was then resumed, the report brought up, and ordered to be taken into further consideration on Tuesday next.

“ *Ordered*, that the order of the day for taking into further consideration the report from the committee of the whole House to whom it was referred to consider, of extending the term of the charter of the Governor and Company of the Bank of England, granted and confirmed to them by an act made in the 21st year of the reign of his present Majesty, intituled, “ An act for establishing an agreement with the Governor and Company of the Bank of England for advancing the sum of 2,000,000*l.* towards the supply for the service of the year 1781 ” be now read.

“ And the said order being read accordingly, the House proceeded to take the said report into further consideration.

Journals
of the H.
of Com.
vol. lv. p.
235. 25th
Feb. 1800.

“ And the resolution of the Committee being read a second time, was, upon the question put thereupon, agreed to by the House.

“ *Ordered*, that the said resolution, together with the proposal from the Governor and Company of the Bank of England mentioned therein, be referred to the consideration of the committee of the whole House, to whom it is referred to consider further of ways and means for raising the supply granted to his Majesty.”

Vol. lv. p.
253. 3rd
March,
1800.

“ Mr. Bragge, according to order, reported from the Committee of the whole House to whom it was referred to consider further of ways and means for raising the supply granted to his Majesty, the resolution which the Committee had directed him to report to the House, which he read in his place and afterwards delivered in at the clerk's table where the same was read, and it is as followeth, viz. —

“ *Resolved*, That it is the opinion of this Committee, that the monies which shall be paid into the receipt of his Majesty's Exchequer by the Governor and Company of the Bank of England for the extension of the term of their charter, not exceeding the sum of three millions, be applied towards making good the supply granted to his Majesty.”

“ The said resolution being read a second time, was, upon the question put thereon, agreed to by the House.

“ The House was moved, that the resolution, which upon the 21st day of February last was reported from the Committee of the whole House, to whom it was referred to consider of extending the term of the charter of the Governor and Company of the Bank of England, granted and confirmed to them by an Act made in the 21st year of the reign of his present Majesty, intituled ‘ An Act for establishing an agreement with the Governor and Company of the Bank of England for advancing the sum of two millions towards the supply for the service of the year 1781 ; ’ and which resolution was, upon Tuesday last, agreed to by the House, might be read.”

“ And the same was, as agreed to by the House, read accordingly, and is as followeth, viz.

“ *Resolved*, That it is expedient to continue to the Bank of England for the further term of twenty-one years the privileges secured to them by an act passed in the twenty-first year of the

reign of his present Majesty, intituled ‘An Act for establishing an Agreement with the Governor and Company of the Bank of England, for advancing the sum of Two Millions towards the supply for the service of the year 1781, on the conditions contained in the proposal made by the Governor and Company of the Bank of England for that purpose.’

“*Ordered*, That a Bill be brought in upon the said resolution, and upon the resolution now reported and agreed to by the House, and that Mr. Bragge, Mr. Chancellor of the Exchequer, Mr. Townshend, Mr. John Smyth, Mr. Douglas, Mr. Attorney General, Mr. Solicitor General, Mr. Rose, and Mr. Long, do prepare and bring in the same.”*

“Mr. Rose presented to the House, according to order, a Bill for establishing an Agreement with the Governor and Company of the Bank of England, for advancing the sum of Three Millions towards the supply for the service of the year 1800, and the same was received and read the first time. Vol. lv. p. 260. 4th March, 1800.

“*Resolved*, that the Bill be read a second time.

“*Ordered*, That the said Bill be read a second time upon Friday morning next.”

* The following persons composed the Ministry at the time of this contract :—

First Lord of the Treasury and Chancellor of the Exchequer, Right Honourable William Pitt.

Secretary for Foreign Affairs, Lord Grenville (still living).

Secretary for the Home Department, Duke of Portland.

Secretary for the Colonial, Right Honourable Henry Dundas, afterwards Lord Viscount Melville.

Secretary at War, Right Honourable William Windham.

Privy Seal, Earl of Westmorland (still living).

Lord High Chancellor, Lord Loughborough, afterwards Earl of Roslyn.

Master general of the Ordinance, Marquis Cornwallis.

Joint-Postmasters-General, Lord Auckland and Earl Gower, now Marquis of Stafford (still living).

First Lord of the Admiralty, Earl Spencer, K.G. (still living).

Lord Chamberlain, Marquis of Salisbury.

Attorney General, Sir J. Mitford, afterwards Lord Redesdale.

Solicitor-General, Sir William Grant (still living).

Governor of the Bank of England, Samuel Thornton, Esq.

Deputy Governor, Job Mathew, Esq.

39 and 40
Geo. III.
c. 28.

A bill was accordingly introduced by the committee in supply, intituled "An Act for establishing an Agreement with the Governor and Company of the Bank of England, for advancing the sum of Three Millions towards the supply of the year 1800." This bill passed both Houses, and finally received the royal assent on the 28th March, 1800.

The stipulations were, that the Bank should advance three millions on the security of Exchequer bills, to bear date on the 5th April, 1800; such Exchequer bills to be made payable in the first instance *without interest*, but to be repaid out of the first aids or supplies granted by Parliament for the service of the year 1806, and if sufficient aids were not granted by Parliament for that purpose before the 6th of April, 1806, the three millions were then to be charged with interest upon the consolidated fund. The Exchequer bills thus to be issued were not to be current to any collector of the taxes for six years. It was also enacted (sec. 7,) that the Governor and Company of the Bank of England, and their successors, should, and they are thereby required to exchange for their promissory notes, payable to bearer on demand from time to time all the Exchequer bills issued under the acts, as should within the space of six years be presented to them or their cashier by any person or persons. By sec. 13, such part of the act (21 Geo. III) as relates to the determining of the Corporation of the Bank is repealed, and the Bank to remain a body corporate and to enjoy the same exclu-

sive privilege of banking, and subject to the power of redemption contained in such act. The following clauses are most important, forming the existing contract, and will deserve the most serious consideration :—

“ And whereas there is now due from the public to the said Governor and Company of the Bank of England, not only the said sum of 3,200,000*l.* advanced by virtue of the said in part 7 Ann.
recited Acts, but also the further sum of 8,486,800*l.*, which, 12 Ann.
together with the interest or annuities payable thereon, or in 15 Geo. II.
respect thereof, are secured to the said Governor and Company 4 Geo. III.
and their successors in manner following, (that is to say) the 21 Geo.
sum of 500,000*l.*, part of 2,000,000*l.* secured and remaining due III.
to the said Governor and Company, under and by virtue of an 3 Geo. III,
Act of Parliament made in the 3rd year of the reign of his
Majesty King George the First, intituled ‘ An Act for redeeming
several funds of the Governor and Company of the Bank of
England, pursuant to former provisoes of redemption, and for
securing to them several new funds and allowances redeemable
by Parliament, and for obliging them to advance further sums
not exceeding 2,500,000*l.*, at 5*l.* per cent., as shall be found
necessary to be employed in lessening the national debts and
incumbrances, and for continuing certain provisions formerly
made for the expenses of his Majesty’s Civil Government, and
for payment of annuities formerly purchased at the rate of 5*l.*
per cent., and for other purposes in the Act mentioned ;’ the
further sum of 4,000,000*l.* secured to the said Governor and
Company under and by virtue of another Act of Parliament,
made in the 8th year of the reign of his said Majesty King
George the First, intituled ‘ An Act to enable the South Sea 8 Geo. I.
Company to dispose of the effects in their hands by way of
lottery or subscription, or to sell part of their fund or annuity
payable at the Exchequer, in order to pay the debts of the said
Company, and for relief of such who are intended to have the
benefit of a late Act touching payment of ten per centum therein
mentioned ;’ the further sum of 1,750,000*l.* secured to the said
Governor and Company under and by virtue of another Act of
Parliament, made in the 1st year of the reign of his late Majesty
King George the Second, intituled ‘ An Act for granting an aid 1 Geo. II.

to his Majesty by sale of annuities to the Bank of England, at 4*l.* per cent., redeemable by Parliament, and charged upon the duties on coals and culm : and for further applying the produce of the sinking fund ; and for enlarging the time for exchanging Nevis and St. Christopher's debentures for annuities at three per centum ; and for applying the arrears of his late Majesty's civil-list revenues ;' the further sum of 1,250,000*l.*, secured to the said Governor and Company, under and by virtue of another Act of Parliament, made in the 2nd year of the reign of his

2 Geo. II. said late Majesty, intituled ' An Act for raising the sum of 1,250,000*l.* by sale of annuities to the Bank of England, after the rate of four pounds per centum per annum, redeemable by Parliament, and for applying the produce of the sinking fund ;' and the further sum of 986,800*l.*, secured to the said Governor and Company, under and by virtue of another Act of Parliament, made in the 19th year of the reign of his said late

19 Geo. II. Majesty, intituled ' An Act for establishing an agreement with the Governor and Company of the Bank of England, for cancelling certain Exchequer bills upon the terms therein mentioned, and for obliging them to advance the sum of 1,000,000*l.* upon the credit of the land-tax and malt duties granted to his Majesty for the service of the year 1746.' Be it enacted, that at any time upon twelve months' notice to be given *after** the 1st day of August, which will be in the year of our Lord 1833, and not before, and upon repayment by Parliament to the said Governor and Company or their successors, of the said sum of 3,200,000*l.* without any deduction, discount, or abatement whatsoever, and upon payment to the said Governor and Company and their successors, of all arrears of the said 100,000*l.* per annum, and also upon repayment by Parliament to the said Governor and Company or their successors, of the said further sum of 8,486,800*l.*, together with the interest or annuities payable thereon, or in respect thereof, and also upon repayment of all the principal money and interest which shall be owing unto the said Governor and Company and their successors, upon all such tallies, Exchequer orders, Exchequer bills, or

* The Bank proposal uses the word "*on*" not *after*. The difference is most material.

parliamentary funds which the said Governor and Company or their successors shall have remaining in their hands, or be entitled to at the time of such notice to be given as aforesaid, then and in such case, and not till then, the said yearly fund of 100,000*l.* shall cease and determine!!!!!!

“ And to prevent any doubts that may arise concerning the privilege or power given by former acts of Parliament to the said Governor and Company of exclusive Banking, and also in regard to the erecting any other Bank or Banks by Parliament, or restraining other persons from Banking during the continuance of the said privilege granted to the Governor and Company of the Bank of England, it is hereby further enacted and declared, That it is the true intent and meaning of this act, that no other Bank shall be erected, established, or allowed by Parliament, and that it shall not be lawful for any body politic or corporate whatsoever, erected or to be erected, or for any other persons, united or to be united, in covenants or partnerships exceeding the number of six persons, in that part of Great Britain called England, to borrow, owe, or take up, any sum or sums of money on their bills or notes payable on demand or at any less time than six months from the borrowing thereof, during the continuance of the said privilege to the said Governor and Company, who are hereby declared to be and remain a Corporation, with the privilege of exclusive Banking, subject to redemption on the terms and conditions before mentioned, (that is to say) one year's notice to be given *after the 1st day of August, 1833*, and repayment of the said sum of 3,200,000*l.* and all arrears of the said 100,000*l.* per annum, and also upon repayment of the said sum of 8,486,800*l.*, and the interest or annuities payable thereon or in respect thereof, and all the principal and interest money that shall be owing on all such tallies, Exchequer orders,* Exchequer bills, parliamentary

Sec. 15.

* Lord Brougham has expressed himself favourable to the facility of raising money by the unlimited issue of Exchequer bills, and I am told considers it a highly advantageous mode of obtaining immediate supplies. I beg to differ from that noble personage. The unfunded or floating debt (already augmented to a most alarming amount) is one of the greatest evils arising out of the present system of finance. It absorbs ready money, and thus becomes a fatal bar to temporary advances to indi-

funds, or other Government securities, which the said Governor and Company, or their successors, shall have remaining in their hands, or be entitled to at the time of such notice to be given as aforesaid, and not otherwise anything in this Act or any former act or acts of Parliament to the contrary in anywise notwithstanding.

Sec. 16. “And it is hereby further enacted and declared, That any vote or resolution of the House of Commons, signified by the Speaker of the said House, in writing, and delivered at the public office of the said Governor and Company, or their successors, shall be deemed and adjudged to be a sufficient notice within the words or meaning of this Act, anything herein contained to the contrary notwithstanding.”

Previous to the Act being passed, a debate took place which will throw some light upon the subject, although the reader will perceive, that both the Government and the Bank were equally desirous of concealment. It is hoped, upon the ensuing transaction, the present House of Commons will be more vigilant and less confiding; and that at length the country will be fully informed of the real state of affairs between the Government and the Bank of England.

Woodfall's Par. of the day for the third reading of the bill for renewing, upon
Debates, certain conditions, the charter of the Bank of England, for the
vol. ii. p. term of twenty-one years.
251.

“Mr. TIERNEY said, that he had wished much, on a former

viduals of industry and enterprise. But at this moment it may lead to the most disastrous consequences; for, supposing Government could, by some strange magical power, place itself in a position to terminate the charter, its privileges, and its monopoly, the Bank might immediately, previous to the vote of the House of Commons, increase its demands, by the purchase of Exchequer bills to an enormous amount, and thus thwart and overturn the most beneficial measures.

evening, to be informed who was the original projector of this measure, but he had been able to receive no satisfactory information. As he thought this a point of the greatest importance, and as he did not see a gentleman in his place (Mr. S. Thornton), who might have thrown a light upon the subject, he thought the third reading of the bill should be deferred till another opportunity.

“The CHANCELLOR of the EXCHEQUER said, that the only point to be considered was, whether the measure was expedient? it was of no consequence whatever, whether it had been proposed by Government, or by the Governors of the Bank.

“Mr. TIERNEY said, that the question was highly interesting, and till he should have an opportunity of ascertaining it, though he was far from wishing for delay after the indulgence which had been shown him, he would propose that the third reading be deferred.

“The CHANCELLOR of the EXCHEQUER said, that he must move that the bill be now read a third time, but he would give the hon. gentleman all the information in his power. He then said that the measure had been formally proposed—first, in a letter from himself to the Bank directors, but he had previously taken pains to sound their inclinations; and he could assure the hon. gentleman that they and his Majesty’s Ministers went hand in hand in the business.

“The order of the day was then read, when

“Mr. TIERNEY rose, and spoke at great length against the principle and particulars of the bill. The question then before the House, he said, was of the utmost magnitude and importance, and however lightly the right hon. gentleman might be disposed to treat it, in his opinion it involved the dearest interests of the country, and deserved the utmost attention of every member of that House. He regretted that he had not received satisfactory information as to whether this business had originated from the directors of the Bank, or from his Majesty’s Ministers. Great blame lay somewhere, and he did not wish to accuse any whom he did not know for certain to be culpable. It would be extraordinary indeed if this proposal should have come from the Bank, when it had nearly one half of the term of its former charter still to run, and when it had so mismanaged

its affairs as to owe its existence to the forbearance of the public. It would be not less extraordinary if Ministers were the projectors of the measure, that they should interfere in the affairs of the Bank, after what has happened, in this manner derive profit from its misfortunes, and anticipate the resources of posterity. A more serious charge could not be made against Ministers or the Bank directors, which ever of them were the proposers of the measure, and upon that account alone he wished for information. But as a gentleman whom he wished to have questioned, for some reason or other had absented himself, he would proceed to discuss the general merits of the question.

“The first thing that struck him in this affair, was the strange measure of proposing to renew a charter which was not within less than twelve years of its expiration, when there was no particular reason assigned for that step; of proposing to re-confide the whole money affairs of the kingdom to the hands of gentlemen who had mismanaged the affairs of the Bank so grossly as to reduce it to bankruptcy. There were two points chiefly to be considered in considering the nature of the proposed bargain, its advantageousness to the Bank, and its advantageousness to the public; what are they to give? and what are we to receive? They proposed, apparently, to lend us three millions, without interest, for six years; but nothing could be more precarious than this offer, and we would merely engage in a speculation in the funds if we accepted of it. By the terms of the agreement, they had a right to demand payment when stocks should be at eighty; so if they should within the six years, and whether they would or not was merely matter of conjecture, we would be deprived of all our boasted advantages. [The Chancellor of the Exchequer here interrupted the hon. gentleman, to inform him that the gain of the public was certain, for though the Bank had a right to demand payment when the three per cents. should be at eighty, still it was bound to pay the interest of the three millions for the whole of the six years; and he would put it to the hon. gentleman, whether it was probable that the Bank directors would even ask to be repaid, although they could, when by so doing they would put the public to inconvenience, and no way advantage themselves.] Mr. Tierney said, that in that case we would receive for certain 750,000*l.* as the price of the renewal of the Bank charter, but it by

no means appeared that we were sure of not being distressed by the three millions being soon demanded from us. In 1797 the Bank was exposed to the greatest jeopardy by the advances it then made, and we were at the present moment greatly more in arrear to it. From the present state of the Bank he had no doubt that this sum might be given; he would now inquire what we were to give in return. The only way we had to ascertain the value of what we had to part with, was to consider the value of an annuity for twenty-one years. Mr. Tierney here entered into a long calculation, the result of which was, that from its profits in managing the national debt, from the advances it makes to Government, from the loan, and several other articles, the Bank receives annually from the public the sum of 979,000*l.* He next calculated the expense of conducting the affairs of the Bank, which, judging from the Excise and other offices, he was certain could not exceed 100,000*l.* a year, which leaves a clear profit of 879,000*l.* springing from the charter. The profits on their own capital, and which they make as bankers, he did not include. In time of peace the sum perhaps would not exceed 675,000*l.* per annum, as the advances to Government were then less considerable; there was no loan, and not so much was allowed for management: but supposing, according to the right hon. gentleman's calculation, that out of twenty-one years there would be six years of war, the annual sum given by the public to the Bank (and which might at the expiration of the charter be withheld) would amount upon an average to 661,000*l.* For the grant of that annuity for twenty-one years we were to receive 750,000*l.*

“He then proceeded to state other advantages arising from their charter to proprietors of the Bank, such as having the command of money, a power of obliging their friends, and a control over the whole commercial world. It was strange that, though the salary of a director was only 150*l.* a year, the office was aspired to by the richest men in the kingdom, and more eagerly sought after than any one in the gift of the Crown. On former occasions, he continued, there was a powerful argument for extending the charter of the Bank, because then it would have been nearly impossible for the nation to repay the sums it had received; but that argument no longer existed. After peace stocks would rise; the sinking fund was annually increas-

ing, and the income-tax was established. There was not a doubt that in a few years every farthing of our debt to the Bank might be paid off without loss or inconvenience. Formerly, the Bank gave the public a valuable consideration for the favours it received ; now it gives us nothing at all. It was certainly, at the present moment, to take a step which might preclude us, for a long period of time, from enjoying many advantages which our situation would otherwise offer. Perhaps a competition of banks in the city of London might be prejudicial, still should we intrust the whole money matters of the kingdom for thirty-three years to twenty-four men who have constituted an aristocracy in London, in whom the direction of the Bank has become nearly hereditary ; who mismanaged their affairs so grossly as to stop payment, and who, from their connexion with Government, often sacrificed the interests of the merchants ? But though it be allowed that 750,000*l.* is not an adequate consideration for the value received, it might be said that a small sum just now was more advantageous to us than a much larger afterwards. This argument Mr. Tierney proceeded to refute, by showing that the advantage of delaying to fund three millions till the stocks should be at eighty, now that they are only at sixty, was less by much than the minister would have gained, had he put off the bargain for some years, when stocks would probably be at eighty, and he would have received three millions which he would not have been obliged to fund till stocks would be at one hundred. But it was not motives of gain that chiefly influenced him ; though several millions had been received instead of 750,000*l.*, he would equally have reprobated the measure. By thus granting an exclusive charter to the Bank of England, many permanent hardships were imposed upon the community. It appeared from the evidence of Mr. Henry Farquhar, before the committee of the House of Commons, that the merchants complained grievously of the treatment they had received, and that to remedy the evils they suffered, they had intended to establish a new circulating medium, by becoming security for one another. By the exclusive charter of the Bank they were prevented from remedying the evils which it had occasioned to them ; and while the charter existed, these evils would continue, and continue without a remedy. Perhaps no expedient could be devised ; but

till a proper inquiry was made, it was surely improper to take a step which would render an infallible one of no avail, although it were discovered. There were many things which he would have wished to have been discussed before this bill was passed. An hon. baronet had been of opinion, when the Bank stopped payment, that it had forfeited its charter, and proposed to erect a new one. He was told, that when the charter had expired would be the proper time to consider the expediency of that measure; but thus that time would never arrive. Mr. Tierney then mentioned several other subjects that ought to have been considered, and particularly the expediency of dissolving the connexion between Government and the Bank, which might give rise to the most serious inconveniences to both parties; and was of great disservice to the country at large. Was it too much then to ask for delay, when such advantages might accrue from it? His only motive for asking it was the good of his country; he had no personal motive whatsoever; he declared to God that he was fully convinced that no measure could be devised, which could give a more mortal stab to public credit and public prosperity. The only motive of the right hon. gentleman in carrying it through, could be to raise the three millions; but let him raise them in any other way whatever, and he pledged himself to find no fault with it, whatever it might be. Mr. Tierney concluded, by showing that the Bank was enabled to make its present advances only from the restrictions lately put upon it. At the period when the letter was written from the directors, declaring in the most solemn manner that they must be ruined if they continued to make such advances to Government, and unless they received prompt payment of their debts, they had not advanced more than 9,829,000*l*. On the 1st of January last they had advanced eight millions, to which the three millions for the renewal of their charter are to be added; in all not less than eleven millions. They would thus accept of a profit upon their shame. The alarm of invasion was not surely greater now than at that time, yet the remittances to Ireland were now more considerable than then. There was more sent to the continent in the way of subsidies, and there was a greater prospect of foreign expeditions, all which circumstances should have rendered them now less able to advance money to Government than in 1795. They now accommodated

the minister more than they durst do at that period. When a breach was made in public faith, what was now the difference between English and French finance; what did we now do but deal in assignats? He had not spoke against paper money while the Bank dealt honestly and fairly; but it was now juggling with Government to conceal its real state, and increasing its advances when it ought to have been using every art to redeem its reputation. Was it not hard to the merchants who had come forward and supported the institution in the day of its adversity, to be thus doomed to durance for twenty-one years beyond the time when they hoped to be relieved? Let the House then pause before they thus sacrifice the dearest interests of the country.

“The CHANCELLOR of the EXCHEQUER said, that having listened with the greatest attention to the speech of the hon. gentleman, he admitted that the statement made by him fully evinced that the hon. gentleman had given the utmost consideration to the subject. He wished, however, that he had extended his attention still farther, and he thought he would have convinced himself that he had no reason to come in that stage of the business to put a stop to a measure, the nature and operation of which had been fairly and fully opened and explained by him in the very outset of the business, and had proceeded thus far without the smallest objections having been made to it: and he had the satisfaction to think, that in such its progress it had passed on without the slightest degree of opposition, or any expression of doubt or apprehension from any of those monied men, for whose interest the hon. gentleman had expressed himself so tenderly and so feelingly alive. The hon. gentleman had, however, concluded his speech with a very singular request, that the House would pause before they adopted the present measure; and as an inducement to them so to do, he would consent to any other mode of raising three millions, however objectionable it might be to all the rest of the community. This might be the opinion of the hon. gentleman, but for his own part he thought the present a very favourable bargain for the public, and as such he could not, from any argument he had hitherto heard advanced by the hon. gentleman, think himself justified in relinquishing it. The Chancellor of the Exchequer then said, that though he had very fully explained

this measure when he first introduced it before the House, he would endeavour shortly to follow the hon. gentleman through some of the heads which he had advanced. And first he contended that the hon. gentleman had been much mistaken in the conjectures he had formed on the gains of the Bank, especially as he had not made allowances for the money belonging to the South Sea Company, and other bodies, over whose cash the Bank had no authority or control, and the hon. gentleman had taken the contrary for granted. He denied the statement of the hon. gentleman, that the Bank was an exclusive corporation—the Bank was a corporation, but not an exclusive one; another corporation of the same nature might be created whenever the powers vested in this legally ceased. The hon. gentleman was, he said, equally mistaken in supposing that the Bank might be dissolved as a corporation the moment they were paid the eleven millions, or whatever other sum might be the amount of the public debt to them; the fact was, they would continue to be a corporation, not only till that sum, but till every shilling of the present national debt was paid. He then contended that the hon. gentleman's own words proved the present to be a bargain highly beneficial to the public; for he had stated that he had no doubt but very soon after the end of the war stocks would be at par. This was a declaration he was very glad to hear from that side of the House. He had found of late that gentlemen began to be rather sanguine in their opinions on the subject, and he was happy to find that the hon. gentleman was one of those who thought so favourably of the circumstances of the country.

“Those new worlds which the hon. gentleman had so forcibly described as having suddenly arose in the manufacturing districts, were strong instances of the growing strength and prosperity in this country, towards the close of what had long been termed one of the most expensive wars it ever knew, though it ceased now to be called the most disastrous, that word disastrous having been exploded from the conviction which the evidence of facts had produced of its falsity. He asserted that the calculations of the hon. gentleman were not exact, for according to those, all that the Bank were to pay for the twenty-one years to come is a great deal, and all that they had formerly paid is to be accounted as nothing.

“He then adverted to the profits of the Bank, which, on a renewal of their charter, he supposed might amount to 400,000*l.* a year. Yet he thought it more advisable to make the bargain on the terms he had now done, than wait till peace took place. In answer to what the hon. gentleman had said respecting the stoppage of payment by the Bank, he reminded the House, that on his introduction of the present measure, he had mentioned that, and he now repeated it as a circumstance which he thought highly advantageous, as it had infallibly stamped its credit by the most forcible impression on the national opinion, formed and fixed on a thorough knowledge of the real and intrinsic capital of the Bank, which had shown itself superior to all the shocks and storms with which it has been surrounded and threatened. He then proceeded to congratulate the House on the daily increasing prosperity of the national commerce, and professed himself happy in being able to inform them, that the increase of the exports last year amounted to no less a sum than four millions beyond those of any other year, not excepting the best year in time of peace: a circumstance which he was sure must afford the most consummate satisfaction to all who heard him. The question however now was, whether it was most advisable to avail himself of the present measure now, or wait till a future time? On this head he begged the House to recollect, that the grand object at present was to check the too rapid growth of the national debt. For this purpose a sinking fund had been formed, which was now at five millions, and going on to six, and which, in a few years, might be expected to pay off an immense sum. That if this sum of three millions had been borrowed in any other way, it must have made a very considerable difference against the public, for, according to the hon. gentleman’s own words, it must have been created at 157; and supposing it to be at 180 in a few years after the peace, the difference would be seventeen hundred thousand pounds. He then said, he wished to know how gentlemen would calculate 400,000*l.* for the time to be added to the charter. He was inclined to think that anything given twelve years hence would be eleven-twentieths of its value at that time, which he calculated to amount in this case to about 750,000*l.* If the present sum of three millions had now been brought to market, it would make a difference of two per cent.

on the whole of the twenty millions, which would amount to a sum of 400,000*L.*, instead of which the public received a benefit of three millions without interest, if the war should last so long as six years. If it did not, and stocks should rise, as the hon. gentleman had supposed they would, to eighty very soon after peace was restored, and from that the Bank should call for their money at eighty, yet even then they were to pay the public five per cent. for the whole sum of three millions to the end of the six years. Under all these circumstances, he submitted it to the House whether this could be called an improvident bargain. As to the general observations of the hon. gentleman, that the Bank never could have done this but under the present circumstances of its restriction; that the eight millions due to it would now be eleven millions; and that was the amount when the directors thought it proper to remonstrate with administration, he thought them very trivial, and could assure the House that the same practice had uniformly prevailed from the time of Sir Robert Walpole. Under all these circumstances, he contended that the idea of the danger of enlarging the powers of the Bank were chimerical. The Bank deriving a great accumulation from assisting the commerce of the country, there could be no doubt but the same causes would always induce them to do so to the utmost of their power; and as to their connexion with administration, if the Bank by means of their wealth had it in their power to assist the public service by facilitating the circulation of Exchequer bills, by making a greater competition in the loan, and by various other circumstances dispersing and overturning the various difficulties which frequently obstructed and retarded the public interest, and the public service, he thought it one of the happiest instances of the excellence of our constitution, and of the general welfare and prosperity of the country, which rather called for the admiration than for the dread and alarm of the House.

“ Mr. TIERNEY in reply said, that he hoped the prosperity of the country would prove as great as the right hon. gentleman’s picture of it would induce the public to expect. He was not indisposed to confess that there might be a specious appearance of the existence of that prosperity, but he could not but entertain doubts of its permanency. The rise of the funds was no real proof of that prosperity. Whatever the state of

the public prosperity might be, there was no ground to exculpate the conduct of the Bank directors. Whenever the Bank began to pay in specie, if a new war should break out, the present restriction must be again renewed, and the blow which the first stoppage gave to public credit must therefore be felt to the latest posterity. Upon these grounds it was that he wished the House not to assent to the measure at present, for similar inconveniences might grow out of it, that would again embarrass the public credit.

“ The CHANCELLOR of the EXCHEQUER contended that the situation of the Bank had never been more flourishing than at the present moment. The hon. gentleman said that he was never disposed to despond with regard to the prosperity of the country, that he was ready to admit that its credit, its revenue, its commerce, its power, &c. had increased. He (the Chancellor of the Exchequer) was of the same opinion, but he never contended that the high price of stocks was an exclusive proof of that prosperity, he only asserted it to be an ingredient which entered into the composition of that prosperity, and which tended to facilitate and encourage all the exertions of useful industry. But still it was asserted that the rise of the stocks was produced by artificial means. He wished the nature of these artificial means might be explained by those who censured them. In his opinion the artificial means arose from this circumstance, that a great part of the current expenses were raised within the year during the prosecution of the war, and they were reduced in time of peace. Their object was to contract debt slowly in time of war, and to pay it off rapidly in time of peace. This might not have been the case after the American war ; but the immense extra-temporary contribution that is now raised during the war, must considerably decrease the national burdens in time of peace. The present increase of the revenue, of public credit, &c. was the strongest proof of increasing prosperity, and in favour of this point the whole financial history of every country might be adduced as a testimony.

“ Mr. TIERNEY made a few observations by way of explanation, after which

“ Mr. S. THORNTON confessed, that the first overtures for the renewal of the Bank charter came from the governor and di-

rectors of the Bank, because they felt that such a renewal at such a period would prove of utility both to the Bank and to the country at large. A question had been set afloat about the establishment of another bank; meetings had been held for that purpose; pamphlets had been published in recommendation of such a measure, and motions had even been made in that House respecting its necessity: it was therefore high time to propose the present measure, and to bring it to as early a decision as possible. He disclaimed, in his own name, and in that of the directors, being influenced by any political hostilities or predilections; and he was bold to assert, that there never was a greater proportion of specie in the Bank to their paper currency than was to be found in it at the present moment; a circumstance which must be highly satisfactory to that House and to the country at large. These were matters of fact which might speak for themselves. He also thought it right that the Bank should make advances to Government as far as their abilities would admit, and their prudence justify; but he would confess that they acted a dishonourable part if they advanced a one pound note without being in possession of wherewith to make it good.

“ Mr. MANNING expressed his indignation that any expression like that of *flimsy* paper should be applied to the current notes of the Bank of England. The advances of the Bank to Government were as great at other times as at the present, particularly in Lord John Cavendish's time. As to the advantages supposed to be derived from the situation of Bank director, they were more than counterbalanced by risks to which the Bank was exposed by forgeries, which of late years had amounted to considerable sums. The situation of Bank director was therefore erroneously stated to be a lucrative one; whoever undertook it with that view was unfit for such a trust. Those who now charged themselves with that important duty, could be influenced by no other motive than their desire to labour for, and promote the public utility.

“ Mr. SIMEON justified the stoppage of the Bank upon reasons of sound policy, and contended that it should not be confounded with the stoppage of any private bank; it was not looked upon in that view by the public, but on the contrary, for on the very day the specie payments of the Bank had stopped, it might be remembered that stocks rose one and a half per cent.

“ The question was then put, that the bill be read a third time,—and agreed to without a division.”

Such was the state of affairs at the period of this contract; embarrassing enough, God knows, but an embarrassment sinking into insignificance when we examine the subsequent financial transactions between the Government and the Bank under the authority of Parliament. It has been absolutely necessary to wade through the whole of those transactions; and the result has proved, that in every instance where there has been a loan raised by way of annuities, or where there has been a funding of Exchequer bills, from the year 1799 to the year 1826, a clause has been invariably inserted in the respective acts, “ that the Bank is to continue a corporation until the several annuities so granted shall cease;” which is neither more nor less than to say, the Bank Corporation remains as long as the national debt remains. I was always of this opinion. The schedule inserted at the beginning of the work contains a statement of the several loans that were contracted, and the Exchequer bills funded, from the year 1799 to the year 1826; a statement that must excite feelings of a most extraordinary nature in the mind of every individual capable of reflection.

I am not aware there has been any loan created, or any Exchequer bills funded, since the year 1826, except the loans borrowed for the purposes of public works and building additional churches, which sums, amounting to about six millions, are to be repaid by the

See Schedule B.

parties borrowing, and which has been done to a great extent, although I doubt if the Exchequer bills issued for those purposes have been cancelled to the amount so repaid. Let us now inquire, as far as we have means, into the present state of affairs between the Government and the Bank. It appears that before the Charter can be abrogated, the Government are to give one year's notice "after" the 1st of August, 1833, and to pay up all claims whatsoever with interest that may be then due to the Bank, no matter for what purpose those monies may have been advanced, or upon what securities obtained. In the year 1816 (56 Geo. III. c. 96),^{56 Geo. III. c. 96.} the Bank advanced to the Government three millions, and then was permitted to increase its capital to fourteen millions. This sum of three millions is to be repaid with interest at 3 per cent., at such time as Parliament shall direct, but such repayment to be made and completed "on or before" (not "after") the 1st day of August, 1833. *So enormous, however, were the demands made by the Government upon the Bank, and the readiness with which those demands were answered, that the subject could no longer fail to excite the attention of Parliament; accordingly, in the month of July, 1819, a very salutary Act was passed, 59 Geo. III. c. 76,^{59 Geo. III. c. 76.} to establish regulations respect-

* The system of parliamentary grants, or votes of credit, was not known previously to the year 1737, which introduced a very pernicious plan of anticipation.

ing the advances made by the Bank of England for the public service, and the purchase of Government securities. By the provisions of this Act the Bank is not to make advances to Government *without authority of Parliament*, and the Act prescribes in what forms applications shall be made, and also directs that “*copies of all such applications and advances shall be laid before the House within fourteen days after the 5th of January in each year, if Parliament shall be then sitting, or within fourteen days after the then next sitting of Parliament.*” The Bank is also directed to lay before Parliament, on the 5th of January annually, an account of all Exchequer and Treasury bills, &c., purchased, or on which advances shall have been made to Government. I am afraid these wholesome regulations have never been carried into complete effect. Mr. Easthope has given notice of the following motion for Tuesday next, the 22d of May inst., on which day Lord Althorp moves for the Committee on the Bank charter:—

“Amount of the promissory notes and Bank post bills of the Governor and Company of the Bank of England, in circulation on the 1st day in each month, during the years 1824, 1825, and 1826;—of balances and deposits upon accounts; distinguishing those of the Government from those of private individuals, at the same period;—of bullion, and gold and silver coin, of whatever description, held by the Bank of England; distinguishing the quality of the same, being the property of the Bank of England, and not belonging to other individuals, at the same periods;—of sums advanced to the Government by way of loan, or otherwise; setting forth the description of security held for the same, at the same periods;—of the

amount of Government securities held by the Bank during the same period, and not included in the afore-mentioned return, setting forth the description of the same;—of sums which the Bank of England were under advance by way of mortgage or security on land, or other real property, or by way of any other description of loan, on the security of real property, and the same periods;—of sums which the Bank of England were under advance to individuals, on the security of funded property, Exchequer bills, or Indian bonds, at the same periods;—of the amount of bills of exchange held by the Bank of England under discount, at the same periods.”

When we consider the provisions of this statute (59 Geo. III.), I cannot conceive any objections can be legally or honestly made against a compliance with this motion, which requires little more than the account directed to be laid before Parliament, pursuant to the directions of the Act of Parliament especially passed for that purpose; and an honest return to this motion will greatly accelerate the labours of Lord Althorp's Bank Charter Committee. I would just notice that Lord Milton has given notice of submitting a motion to the House of Commons on the corn laws, which is, I believe, appointed for the 30th of May instant. It is impossible for me to say what are the resolutions which the noble Lord intends to submit to the House. I sincerely hope he means to meet this question fairly, and will not shrink from the real difficulty—namely, “the debt.” If the Bank question is fairly discussed and fairly met, as it ought, and sooner or later must be, his Lordship will soon find out that the corn laws (odious and unnatural as they are) cannot be dealt with

as an *isolated* or *abstract* question, those laws forming an essential part of the whole financial operations of the state.

On the 19th of July, 1819, a Select Committee of the House was appointed to investigate the affairs of the Bank, with a view to the necessity of fixing a period for the resumption of cash payments. This Committee (of which Sir Robert, then Mr. Peel, was the chairman), after a long investigation, made two reports, dated respectively the 5th of April and the 6th of May, by which reports it appears that the Bank then held Government securities to the enormous amount of forty millions (I use round numbers), that the Government stood indebted to the Bank the sum of twenty millions, exclusive of the permanent debt or capital (as it is called) of fifteen millions; thus making altogether a demand of seventy-five millions!!!

Thus have I endeavoured to trace, with as much accuracy and precision as a subject so complicated and abstruse will permit, the whole of the transactions between the Government and the Bank, relative to the charter; so that those who run may read. It is impossible to deny that these transactions have been most improvident. Governments are only transitory, and have neither the legal nor the moral right to fetter the industry, burden the property, or destroy the moral happiness, of their successors.

But how different are the circumstances in which the present Government is placed, from

those of the persons who composed the Ministry in the year 1800 ! The Restriction Act was then in existence. We were at war with nearly the whole of Europe. The national debt has been increased to eight hundred millions ; there is an immense unfunded debt of at least thirty millions, while the revenue is daily upon the decline. But above all, we have now a gold currency, and all paper is convertible into gold, at *3*l.* 17*s.* 10½*d.* per oz.** In 1819, Sir Robert, then Mr. Peel, brought into Parliament his celebrated bill, to compel a return to cash payments, in the year 1823. Bitterly do those who concurred in passing that measure (which ought to have been accompanied with the reduction of at least thirty millions of taxes) into a law, repent their folly and their delusion. The provisions of this Act did not, however, take place at the period then mentioned ; but it has, however, since come into full operation, and the nation (becoming feebler and feebler) is now bleeding at every pore under its fatal effects. None but fools or madmen would have thought of paying in gold of fine weight and tale, and at *3*l.* 17*s.* 10½*d.* per oz.*, the interest of a debt of eight hundred millions ; the greater part of which was contracted in depreciated paper.

But the deed is done ; and the settle-

* It is worthy of remark, that previous to the year 1759 the Bank issued no notes under 20*l.* In that year 10*l.* notes were issued. In 1793, 5*l.* notes ; and in 1797, 1*l.* and 2*l.* notes. The latter notes are now prohibited from circulation.

ment of this momentous question left to the present Government. My own opinions are, perhaps, of little weight. I must, however, hazard some conjectures. It is impossible for me to know (I doubt if the parties themselves know) what are the actual sums due to the Bank under the last contracts of 1800 and subsequent transactions. The amount must be enormous. By Mr. Peel's financial report of 1819 it was seventy-five millions, and I am not aware the Government has been enabled to make any material reduction; but, on the contrary, the *hocus-pocus* measure of the dead weight, or sale to the Bank of civil and military pensions and other superannuations, which took place in 1822—23, must have added considerably to the amount. Is the Government in a position to advance this sum? Yes, exclaims the expectant Jew and jobber, we are ready with a loan to an extent of twice that sum. The devil doubt you. But I presume, Mr. Moses, there must be provided some means of paying the interest of that loan. Now the Government could not raise the sum required, including bonus, management, and expenses, under three and a half per cent. at the lowest, which will require an additional permanent taxation to a very great amount, not less, certainly, than another two millions per annum. Are the finances in a state to bear this sudden and extraordinary pressure; or rather, are the people in a mood or condition to submit to this additional burden? It is said that Lord Althorp is at this moment

on the horns of a dilemma, as to the propriety of funding Exchequer bills. Many are of opinion, that the Government would be glad to negotiate a loan for their other occasions; but the thing is, I doubt not, felt to be impracticable. It is said by others, that the Government could manage its own pecuniary affairs at far less expense than through the intervention of the Bank of England. I confess, under the present system, I never was of that opinion. In the first place, how could the Government be enabled to arrange the quarter's advance made by the Bank of England upon the consolidated fund, and without which advance the dividends must go unpaid: neither could it be done without an enormous issue of Government paper, which, if convertible into gold, would make the executive at all times subject to the fluctuations of trade, of commerce, and of agriculture; and above all, would distract its attention from its legitimate duties, to those of watching the exchanges, and providing against pecuniary shocks and commercial contingencies.

Doubtless, it is mortifying to know that a handful of men, clothed with an odious monopoly, have it in their power to control the destinies of a great country, by withholding or advancing pecuniary assistance. Such, however, is the fact; and I remember, many years since, saying to the venerable Earl Fitzwilliam, that I wondered his Lordship kept an old hag for his steward. His Lordship stared, and asked

Vide Appendix to Journals of this Session for Sir Charles Wolsley's Petition against the renewal of the Bank Charter.

what I meant. Why, my Lord, I replied, the Bank of England has the control of your Lordship's rent-roll ; and by her financial operations can raise or diminish that rent-roll at her sole will and pleasure. I believe his Lordship was ultimately convinced I was right in my observation.

But what is to be done ? After all it must, I suppose, be left to the wisdom and the omnipotence of Parliament. But, in conclusion, I can only say, that had I been Chancellor of the Exchequer, as there is no legal or moral obligation upon the Government to give to the Governor and Company of the Bank of England the notice required by the last contract, until *after* the 1st of August, 1833, I would have rested upon my oars, and endeavoured, if possible, to keep the Old Lady quiet. I would have striven to cajole her, to flatter her, nay, even (if I dared) to bully her into good humour, quietude, and submission ; and thus finally have left her, her affairs and her claims, her hopes and her fears, under the guidance of Providence, to the high consideration and tender mercies of a reformed Parliament.

POSTSCRIPT.

MAY 23, 1832.

SINCE writing the foregoing "Legal Statement," the motion of Mr. Easthope has been deferred till Tuesday, the 26th of June next. Lord Althorp, however, has brought forward his motion, and a Secret Committee of the House of Commons has been appointed "to inquire into the expediency of renewing the Charter of the Bank of England, and into the system on which banks *of issue*, in England and Wales, are conducted. The Committee consists of the following members:—

- | | |
|--------------------------|-----------------------------|
| 1. Lord Viscount Althorp | 17. Mr. Baring |
| 2. Sir Robert Peel | 18. Mr. Irving |
| 3. Lord John Russell | 19. Mr. Warburton |
| 4. Mr. Goulburn | 20. Mr. George Philips |
| 5. Sir James Graham | 21. Mr. James Morrison |
| 6. Mr. Herries | 22. Lord Viscount Morpeth |
| 7. Mr. Poulett Thomson | 23. Mr. Heywood |
| 8. Mr. Courtenay | 24. Lord Viscount Ebrington |
| 9. Colonel Maberly | 25. Mr. Lawley |
| 10. Sir Henry Parnell | 26. Sir John Wrottesley |
| 11. Mr. Vernon Smith | 27. Lord Cavendish |
| 12. Mr. John Smith | 28. Mr. Alderman Wood |
| 13. Mr. Robarts | 29. Mr. Strutt |
| 14. Sir Matthew Ridley | 30. Mr. Bonham Carter |
| 15. Mr. Attwood | 31. Mr. Edward John Stanley |
| 16. Sir John Newport | 32. Mr. Alderman Thomson |

The Committee have power to send for books, persons, and papers, and five to form a quorum.

I have abstained from making any remarks upon the very curious and interesting debate that took place upon the appointment of this Committee, although I cannot help forming an opinion of the result of the investigation. If the Government can pay the Bank, well and good; if not, there must be an equivalent for accommodation, and that equivalent can only be the continuance of the charter, with an increased issue of paper both in town and country, of some description or other. No doubt innumerable plans will be suggested, but this must be the ultimate termination without a great reduction of taxation.

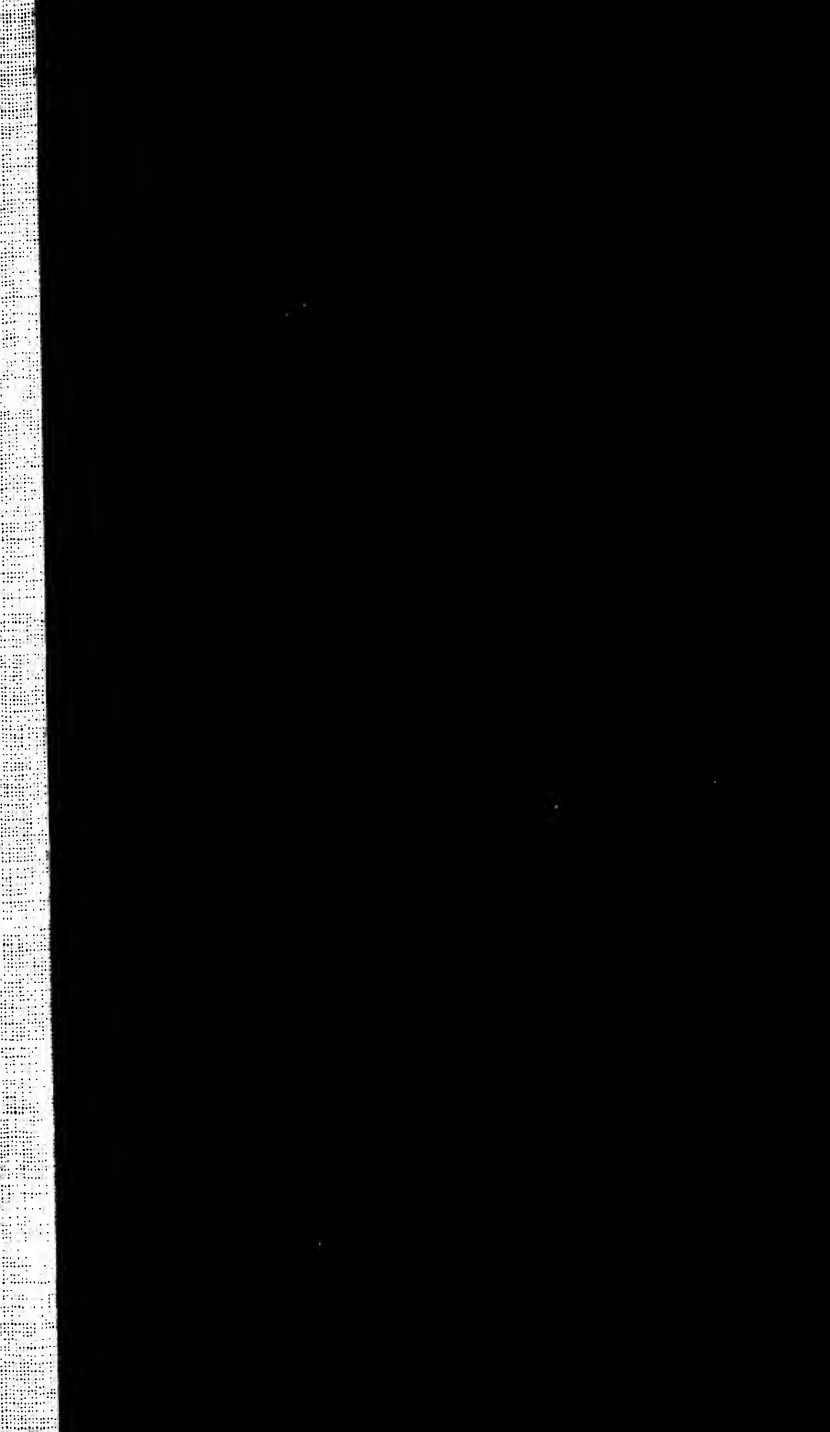
Vide
Sched. B.

In the course of this inquiry it must become a very serious question whether any *legal distinction* exists between the several Contracts for renewal of the charter up to the year 1800 and the subsequent contract, “That the Bank shall *continue a Corporation, notwithstanding any* redemption of the original funds, until the Annuities created since 1800 are redeemed, or the Loans borrowed paid off.” This will be a most important inquiry on the part of the Committee.

THE END.







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